

Nordiska Financial Partner Norway AS.

INTERIM REPORT

JULY - SEPTEMBER 2024

Report for third quarter 2024

Following the acquisition in 2021 by Nordiska Kreditmarknadsaktiebolaget (Nordiska), Nordiska FPN changed its operations from issuing small unsecured loans and revolving credits to the private consumer segment in Norway and Sweden to implementing Nordiska's business strategy and Partner Banking model with a focus on the Norwegian market. Nordiska's Partner Banking model focuses on partnerships with other financial companies who act as financial agents where Nordiska provides loans to customers mediated by Nordiska's Partners who function as distribution channel towards the customers.

Nordiska FPN's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU. As at 30 September 2024, the company consisted only of the Norwegian company Nordiska FPN AS and the non-operating Swedish branch as the Estonian branch was terminated during Q3. Further in Q3 Nordiska established and registered a branch in Norway, Nordiska Kreditmarknadsaktiebolaget NUF, and plans to continue the future operation in Norway through the branch. Consequently the operation in Norway through Nordiska FPN AS will eventually be terminated and the Norwegian licence returned at a later date during 2025.

Total interest income amounted to 3.5 MNOK in Q3 2024 being at the same level as in Q3 2023. The agreement with the first and largest Partner in Norway has been terminated. In Q3 the Partner generated income of 3 MNOK with a lending portfolio amounting to approx. 106 MNOK by the end of the quarter. The portfolio was taken over by the Partner in October. Also the agreement with the second Partner in Norway targeting their service towards their customer base issuing credit cards to private consumers, has been terminated and will expire mid 2025. The launch of a new Partner in Norway referred to in the Q2 report, has been put on hold and there are continued discussion on how the partnership can be developed in the future.

Losses on loans were positive due to recoveries from profit sharing of previously sold defaulted loans with 0.16 MNOK YTD 2024. For the Partner portfolios the credit risk is mitigated so that if a loan is defaulted beyond 90 days the Partner is obliged to buy back the loan or alternatively cover the costs from selling the loan to a third party so that Nordiska FPN does not have any credit losses as long as the Partner stays solvent. Further the Partners are required to hold additional cash reserves in a loan loss fund in the statement of financial position. The loan loss fund amounted to approx. 17 MNOK by the end of Q3. Hence, the company is exposed to limited credit risk and the Partner Banking segment does not incur actual losses or loan loss provisions in the statement of comprehensive income.

Personnel- and other operating expenses were at the same level as the previous quarter amounting to 1.2 MNOK compared to 2.1 MNOK in Q3 2023 as number of employees have been reduced and costs connected to the old "Folkefinans" portfolio which was transferred to Nordiska in Q4 2023, have been faced out. Due to a positive gain on the value of the Visa share portfolio in Q3 total comprehensive income was positive with 2.4 MNOK compared to a loss of -1.0 MNOK in Q3 2023. YTD total comprehensive income amounted to 2.3 MNOK. The capital adequacy ratio thus improved and amounted to 58.7% in Q3 2024, compared to 34.1% in Q3 2023 and 41.8 % at the end of 2023.

For further information, please contact:

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Statement of comprehensive income (NOK)

	Note	2024 Q3	2023 Q3	2024 YTD	2023 YTD	2023 YE
Interest income – assets measured at amortised cost		3 541	3 473	10 779	9 550	12 874
Interest expenses		-1 629	-1 518	-5 846	-3 322	-5 020
Net interest income		1 911	1 954	4 933	6 228	7 854
Fee and comission expenses		-16	-184	-62	-693	-1 129
Net change in value on securities and currency		1 366	-570	1 376	717	724
Net income from financial assets		3 261	1 200	6 247	6 252	7 449
Personnel expenses		-514	-1 219	-1 744	-2 990	-3 893
Depreciation, amortisation and impairment		-68	-85	-226	-807	-1 221
Other operating expenses		-599	-835	-2 193	-4 867	-7 070
Net operating income before losses on loans		2 080	-939	2 085	-2 411	-4 735
Losses on loans	1	37	-93	161	-717	1 145
Result before tax		2 117	-1 032	2 245	-3 128	-3 590
Tax		-1	2	-1	2	3
Result after tax		2 116	-1 031	2 244	-3 126	-3 587
Items to be recycled to profit and loss						
Exchange differences on translating foreign operations		273	-2	76	17	7
Sum other comprehensive income		273	-2	76	17	7
Total comprehensive income		2 389	-1 033	2 321	-3 109	-3 580

Statement of financial position (NOK)

	Note	2024 Q3	2023 Q3	2023 YE
ASSETS				
Loans and deposits to credit institutions		42 392	51 629	65 298
Loans to customers	2	125 668	161 591	165 933
Investment securities		10 313	8 005	8 514
Derivatives		60	149	-
Tangible assets		68	94	353
Other assets		2 836	3 502	3 025
Prepaid and deposits		3 795	3 883	3 440
Total assets		185 132	228 854	246 563
LIABILITIES				
Debt to credit institutions		44 215	80 393	94 344
Derivatives		-	-	447
Other liabilities		23 939	35 767	38 095
Subordinated loan		36 873	34 716	35 880
Total liabilities		105 027	150 876	168 766
EQUITY				
Share capital		96 123	96 123	96 123
Share premium		79 262	79 262	79 262
Other paid in equity		5 151	5 151	5 151
Retained earnings		-100 432	-102 559	-102 740
Total equity		80 105	77 978	77 796
Total liabilities and equity		185 132	228 854	246 563

Notes to the financial statements

	2024 Q3	2023 Q3	2023 YE
1. CREDIT LOSSES			
Actual specified credit losses	0	-645	-4 903
Write-back of specified credit losses	37	76	472
Provisions during the period	0	476	5 576
Sum (NOK)	37	-93	1 145
2. CREDIT LOSSES / DEFAULTED			
Defaulted loans*	0	793	0
Accumulated provision for credit losses	0	2 610	0
Net (NOK)	0	-1 817	0
<small>* loans are classified as defaulted 90 days past due</small>			
3. CAPITAL ADEQUACY			
Total risk exposure amount	151 861	228 363	186 122
CET1 capital	89 176	77 970	77 776
Tier 1 capital	89 176	77 970	77 776
Total own funds	112 701	107 077	106 051
CET1 capital ratio	58,7%	34,1%	41,8%
Tier 1 capital ratio	58,7%	34,1%	41,8%
Total capital ratio	74,2%	46,9%	57,0%

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